

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Romeo, Washington, Bruce Parks and Recreation</u> <u>Commission</u>	County Macomb
Audit Date March 31, 2004	Opinion Date June 21, 2004	Date Accountant Report Submitted To State: August 17, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

Romeo, Washington, Bruce Parks and Recreation Commission

**Financial Report
with Additional Information
March 31, 2004**

Romeo, Washington, Bruce Parks and Recreation Commission

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Independent Auditor's Report

To the Board of Commissioners
Romeo, Washington, Bruce
Parks and Recreation Commission

We have audited the financial statements of Romeo, Washington, Bruce Parks and Recreation Commission as of March 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Romeo, Washington, Bruce Parks and Recreation Commission at March 31, 2004 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

June 21, 2004

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Romeo, Washington, Bruce Parks and Recreation Commission

Balance Sheet March 31, 2004

	Governmental			Totals	
	Fund Type	Account Groups		(Memorandum Only)	
			General	March 31	
	General	General Fixed	Long-term		
	Fund	Assets	Debt	2004	2003
Assets					
Cash and cash equivalents (Note 2)	\$ 916,500	\$ -	\$ -	\$ 916,500	\$ 1,019,415
Restricted assets - Cash	-	-	-	-	108,085
Due from other governmental units	114,382	-	-	114,382	104,308
Prepaid expenses	947	-	-	947	2,642
Capital assets (Note 3)	-	1,920,726	-	1,920,726	1,574,822
Amount to be provided for retirement of long-term debt	-	-	42,113	42,113	36,145
Total assets	<u>\$1,031,829</u>	<u>\$1,920,726</u>	<u>\$ 42,113</u>	<u>\$2,994,668</u>	<u>\$2,845,417</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 73,039	\$ -	\$ -	\$ 73,039	\$ 59,004
Accrued liabilities	50,169	-	-	50,169	36,570
Deferred revenue	36,652	-	-	36,652	4,484
Due to other governmental units	15,704	-	-	15,704	5,136
Accumulated employee benefits (Note 4)	-	-	42,113	42,113	36,145
Total liabilities	175,564	-	42,113	217,677	141,339
Fund Equity					
Investment in general fixed assets	-	1,920,726	-	1,920,726	1,574,822
Fund balance:					
Reserved for prepaid expenses	947	-	-	947	2,642
Reserved for capital outlay	-	-	-	-	108,085
Unreserved and undesignated	855,318	-	-	855,318	1,018,529
Total fund equity	856,265	1,920,726	-	2,776,991	2,704,078
Total liabilities and fund equity	<u>\$1,031,829</u>	<u>\$1,920,726</u>	<u>\$ 42,113</u>	<u>\$2,994,668</u>	<u>\$2,845,417</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ 993,007	\$ 919,841	\$ (73,166)
Program fees	625,100	659,766	34,666
Interest	11,000	3,611	(7,389)
Federal sources	18,000	17,292	(708)
Other	3,000	20,289	17,289
Total revenue	1,650,107	1,620,799	(29,308)
Expenditures			
Administrative salaries	278,650	276,575	2,075
Administrative benefits	130,298	138,089	(7,791)
General and administrative	90,900	87,794	3,106
Community improvement and development	630,759	670,379	(39,620)
Program	618,300	683,049	(64,749)
Federal	35,000	37,904	(2,904)
Total expenditures	1,783,907	1,893,790	(109,883)
Excess of Expenditures Over Revenue	(133,800)	(272,991)	(139,191)
Fund Balance - April 1, 2003	1,129,256	1,129,256	-
Fund Balance - March 31, 2004	<u>\$ 995,456</u>	<u>\$ 856,265</u>	<u>\$ (139,191)</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Romeo, Washington, Bruce Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America applicable to governmental units.

Reporting Entity

The Commission was organized by Washington and Bruce Townships by a joint resolution and the Articles of Incorporation being adopted in 1971 and subsequently amended March 26, 1986. The Commission was organized to promote, plan, coordinate, and operate a system of indoor and outdoor public recreation programs and facilities for all residents of those areas encompassed by the boundaries of the Townships of Bruce and Washington and the Romeo School District. The Commission is governed by a two-member board with one representative from each township and one alternate member from each township. The Commission is not considered to be a component unit of the Townships of Bruce and Washington or the Romeo School District.

Fund Accounting

The accounts of the Commission are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity.

Basis of Accounting

The governmental fund is accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred.

Fixed Assets and Long-term Liabilities - Fixed assets used in governmental fund-type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental fund. No depreciation is provided on general fixed assets.

Long-term liabilities expected to be financed from the governmental fund are accounted for in the General Long-term Debt Account Group, not in the governmental fund.

All fixed assets are valued at historical cost. The General Fixed Assets Account Group is not a fund and does not involve the measurement of results of operations.

Romeo, Washington, Bruce

Parks and Recreation Commission

Notes to Financial Statements

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Memorandum-only Totals - The total data presented is the aggregate of the fund type and account groups and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

Deferred Revenue - Deferred revenue is recorded for prepaid program fees, uncollected delinquent personal property taxes, and grant revenue not collected within 60 days of year end.

Note 2 - Deposits and Investments

The Commission is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles.

The Commission's deposits and investments at March 31, 2004 are included on the balance sheet under the classification of "cash and cash equivalents." This consists of \$500 of petty cash and cash on hand, and the remainder is held in bank investment pools. Investments are normally categorized to give an indication of the level of risk assumed by the Commission; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Commission believes that the investments in these funds comply with the investment authority noted above. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position of the pool is the same as the value of the pool shares.

Note 3 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions	Balance March 31, 2004
Office equipment	\$ 138,196	\$ 12,040	\$ 150,236
Transportation equipment	18,996	-	18,996
Athletic facilities and equipment	930,942	322,240	1,253,182
Leasehold improvements	486,688	11,624	498,312
Total	<u>\$ 1,574,822</u>	<u>\$ 345,904</u>	<u>\$ 1,920,726</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2004

Note 4 - Long-term Debt

The entire balance in the General Long-term Debt Account Group represents the estimated liability related to accumulated employee benefits to be paid to employees under the Commission's sick and vacation pay policy, net of the portion that is estimated will be paid currently (which has been recorded as a liability in the General Fund). Under the Commission's policy, employees earn sick and vacation time based on time of service with the Commission.

Note 5 - Budget Information

The annual budget is prepared by the Commission and adopted by Bruce and Washington Townships; subsequent amendments are approved by the boards of the above entities. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2004 has not been determined.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The statement of revenue, expenditures, and changes in fund balance - budget and actual is presented on the same basis of accounting used in preparing the budget.

The budget is adopted on a line-item basis for administrative expenditures and on an activity level for program-based expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the additional information. This comparison included expenditure budget overruns.

Note 6 - Defined Contribution Retirement Plan

The Commission provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Board resolution, the Commission contributes 15 percent of base salaries. In accordance with these requirements, the Commission contributed \$42,681 during the current year.

Romeo, Washington, Bruce

Parks and Recreation Commission

Notes to Financial Statements

March 31, 2004

Note 7 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for medical claims and workers' compensation and participates in the Michigan Municipal League risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Note 8 - Upcoming Reporting Change

For the year beginning April 1, 2004, the Commission plans to adopt GASB Statement No. 34. This will dramatically revise the information being reported in these financial statements. The General Fund will report information on the modified accrual basis of accounting, as well as on the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.

Additional Information



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To the Board of Commissioners
Romeo, Washington, Bruce
Parks and Recreation Commission

We have audited the financial statements of Romeo, Washington, Bruce Parks and Recreation Commission for the year ended March 31, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

June 21, 2004

Romeo, Washington, Bruce Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
Property taxes:				
Washington Township	\$ 630,202	\$ 576,420	\$ (53,782)	\$ 554,895
Bruce Township	362,805	343,421	(19,384)	317,348
Total property taxes	993,007	919,841	(73,166)	872,243
Program fees:				
Adult:				
Golf	12,000	10,472	(1,528)	12,494
Tennis	800	16	(784)	80
Disabled softball	600	849	249	655
Drop-in sports	2,500	3,073	573	1,493
Softball leagues	8,500	10,516	2,016	9,435
Walking fitness	600	1,216	616	373
Women's volleyball	7,000	7,798	798	7,057
Yoga	4,000	4,494	494	7,617
Flag football	1,100	(64)	(1,164)	1,560
Psychic nite	500	850	350	572
Total adult	37,600	39,220	1,620	41,336
Youth:				
Basketball league	19,000	26,300	7,300	19,356
Bonanza	14,000	14,572	572	9,166
TOT programs	4,500	5,957	1,457	3,289
TOT sports	6,000	7,802	1,802	7,308
Weenanza	5,000	1,139	(3,861)	1,345
Gymnastics	9,000	10,962	1,962	9,436
Indoor soccer	2,500	4,625	2,125	3,322
Floor hockey	2,500	1,895	(605)	1,047
T-Ball	3,000	2,612	(388)	2,914
Tae Kwon Do	12,000	18,984	6,984	11,467
Flag football	3,500	4,612	1,112	3,380
Miscellaneous	3,000	17,010	14,010	3,909
Fencing	2,200	4,158	1,958	2,538
Bowling	4,000	2,487	(1,513)	4,933
Archery	3,000	4,128	1,128	2,941

Romeo, Washington, Bruce

Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue (Continued)				
Program fees (Continued):				
Youth (Continued):				
Bulldog basketball camp	\$ 10,000	\$ 13,464	\$ 3,464	\$ 9,599
Cheerleading	3,000	5,190	2,190	3,039
Kids Krafts	500	615	115	558
Volleyball	800	40	(760)	1,211
Youth disabled	400	849	449	400
Total youth	107,900	147,401	39,501	101,158
Older adult travel	56,000	58,234	2,234	49,723
Older adult:				
Sports/Fitness	8,000	441	(7,559)	15,619
Miscellaneous programs	800	417	(383)	505
Spotlight	9,500	5,893	(3,607)	7,211
Special events	8,000	9,934	1,934	7,689
Art classes	10,500	11,576	1,076	10,050
Quilting	4,000	5,372	1,372	820
Volunteer recognition	4,000	1,972	(2,028)	3,464
Nonchore/Donations	8,000	12,498	4,498	9,211
Dining out	1,500	1,778	278	1,810
Peach festival	4,500	6,317	1,817	4,673
Total older adult	58,800	56,198	(2,602)	61,052
Aerobics:				
Classes	52,000	36,429	(15,571)	49,227
Playroom	3,500	2,732	(768)	3,544
Miscellaneous	-	(164)	(164)	392
Total aerobics	55,500	38,997	(16,503)	53,163

Romeo, Washington, Bruce

Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue (Continued)				
Program fees (Continued):				
Aquatics:				
Aquafits	\$ 2,200	\$ 2,643	\$ 443	\$ 2,450
Community swim	2,200	2,408	208	2,540
Fitness swim	2,000	1,907	(93)	1,969
Rentals	300	120	(180)	124
Senior swim	1,000	1,074	74	1,023
Swim lessons	50,000	55,570	5,570	47,127
Competitive swim	47,000	50,829	3,829	46,427
Miscellaneous	-	-	-	26
Total aquatics	104,700	114,551	9,851	101,686
Special events:				
Children's carnival	6,000	3,707	(2,293)	4,254
Friday fun	600	644	44	-
Summer concerts	5,000	8,136	3,136	5,033
Tickets	31,100	26,883	(4,217)	31,324
Trips	8,000	9,849	1,849	9,129
Miscellaneous	14,000	13,040	(960)	20,114
Birthday parties	6,000	4,139	(1,861)	6,285
Jumpin' Jupiter	6,000	2,810	(3,190)	3,025
Special parties	1,100	1,852	752	1,386
Seasonal events	3,200	4,263	1,063	2,718
Peach festival	9,600	7,526	(2,074)	10,202
Community Center rentals	24,000	21,577	(2,423)	22,650
Washington Senior Center rentals	5,000	5,464	464	2,983
Total special events	119,600	109,890	(9,710)	119,103

Romeo, Washington, Bruce

Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue (Continued)				
Program fees (Continued):				
Dance:				
Lessons	\$ 45,000	\$ 53,958	\$ 8,958	\$ 52,200
Miscellaneous	11,000	13,457	2,457	14,081
Costumes	17,000	17,381	381	16,334
Recitals	12,000	10,479	(1,521)	9,137
Total dance	85,000	95,275	10,275	91,752
Total program fees	625,100	659,766	34,666	618,973
Interest	11,000	3,611	(7,389)	10,239
Federal sources:				
Chore	13,000	12,157	(843)	9,232
Older adults developer	5,000	5,135	135	13,233
Total federal sources	18,000	17,292	(708)	22,465
Other	3,000	20,289	17,289	-
Total revenue	<u>\$ 1,650,107</u>	<u>\$ 1,620,799</u>	<u>\$ (29,308)</u>	<u>\$ 1,523,920</u>
Expenditures				
Administrative salaries:				
Director	\$ 37,714	\$ 37,858	\$ (144)	\$ 34,543
Assistant director	31,496	31,783	(287)	30,284
Accountant	37,976	38,124	(148)	36,170
Senior developer	34,871	34,755	116	33,529
Older adult coordinator	30,285	31,608	(1,323)	29,119
Recreation coordinator	34,871	35,004	(133)	30,219
Office manager	64,437	64,648	(211)	61,959
Overtime	7,000	2,795	4,205	4,726
Total administrative salaries	278,650	276,575	2,075	260,549

Romeo, Washington, Bruce Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Expenditures (Continued)				
Administrative benefits:				
Employer's FICA	\$ 22,000	\$ 26,002	\$ (4,002)	\$ 24,360
Health insurance	47,000	56,618	(9,618)	43,405
Life insurance	2,000	1,017	983	544
Retirement	41,798	42,681	(883)	43,207
Longevity	3,600	3,600	-	3,300
MESC	1,600	630	970	875
Workers' compensation	4,500	4,737	(237)	3,277
Benefit compensation	5,000	-	5,000	527
Disability insurance	2,800	2,804	(4)	2,295
Total administrative benefits	130,298	138,089	(7,791)	121,790
General and administrative:				
Office supplies	17,300	16,451	849	11,486
Postage	500	621	(121)	438
Office equipment service	12,000	7,616	4,384	9,998
Audit	2,200	3,370	(1,170)	2,075
Mileage	1,000	1,107	(107)	1,074
Liability insurance	9,500	10,719	(1,219)	9,074
Telephone	22,000	23,021	(1,021)	13,626
Conferences	3,000	3,286	(286)	3,896
Software support	1,900	2,299	(399)	1,616
Advertising	2,000	1,600	400	373
Accounting assistant	17,500	15,735	1,765	13,044
Miscellaneous	2,000	1,969	31	2,003
Total general and administrative	90,900	87,794	3,106	68,703
Community improvement and development:				
Maintenance	171,500	188,084	(16,584)	171,281
Community Center maintenance	78,500	74,178	4,322	80,209
Capital outlay	321,459	346,330	(24,871)	128,299
Washington Senior Center	59,300	61,787	(2,487)	34,200
Total community improvement and development	630,759	670,379	(39,620)	413,989

Romeo, Washington, Bruce

Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Expenditures (Continued)				
Program expenditures:				
Adult:				
Golf	\$ 7,500	\$ 6,556	\$ 944	\$ 7,478
Tennis	400	-	400	18
Disabled softball	300	-	300	261
Drop-in sports	1,500	1,619	(119)	1,080
Softball leagues	6,300	6,179	121	6,211
Walking fitness	1,900	1,617	283	1,307
Women's volleyball	4,000	3,851	149	4,628
Yoga	2,000	2,197	(197)	2,416
Flag football	700	-	700	752
Psychic Nite	300	649	(349)	461
Total adult	24,900	22,668	2,232	24,612
Youth:				
Basketball league	11,000	19,549	(8,549)	18,946
Bonanza	19,000	16,730	2,270	5,743
TOT programs	3,000	6,220	(3,220)	3,082
TOT sports	3,000	4,365	(1,365)	3,298
TOT camp	4,000	1,271	2,729	1,271
Gymnastics	5,000	9,231	(4,231)	5,918
Indoor soccer	1,500	2,167	(667)	3,001
Floor hockey	1,500	2,727	(1,227)	1,670
T-Ball	1,100	591	509	1,080
Tae Kwon Do	8,000	13,634	(5,634)	9,701
Flag football	2,500	2,518	(18)	2,423
Miscellaneous	1,000	12,456	(11,456)	2,422
Fencing	800	1,468	(668)	1,072
Bowling	2,400	1,987	413	2,914
Archery	2,500	2,630	(130)	3,096
Cheerleading	1,500	3,035	(1,535)	2,610
Bulldog basketball camp	7,000	10,899	(3,899)	8,590
Kids Kraft	400	495	(95)	503
Volleyball	400	534	(134)	630
Youth disabled	200	-	200	-
Total youth	75,800	112,507	(36,707)	77,970
Older adult travel	53,000	63,495	(10,495)	51,740

Romeo, Washington, Bruce Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Expenditures (Continued)				
Program expenditures (Continued):				
Older adult:				
Sports/Fitness	\$ 10,500	\$ 6,540	\$ 3,960	\$ 8,546
Miscellaneous programs	800	1,740	(940)	1,027
Spotlight	5,000	2,614	2,386	7,144
Art classes	2,600	4,646	(2,046)	2,756
Secretary	30,000	24,293	5,707	14,321
Quilting	3,500	1,918	1,582	67
Volunteer recognition	6,500	5,590	910	6,654
Nonchore/Donations	4,000	8,449	(4,449)	6,590
Dining out	700	954	(254)	525
Peach festival	2,000	4,014	(2,014)	1,904
Special events	7,700	13,067	(5,367)	12,864
Supplies	1,500	1,649	(149)	2,618
Cards/Games	-	-	-	72
Total older adult	74,800	75,474	(674)	65,088
Aerobics:				
Classes	36,000	38,702	(2,702)	39,832
Playroom	6,000	3,802	2,198	4,961
Miscellaneous	2,000	3,209	(1,209)	7,943
Total aerobics	44,000	45,713	(1,713)	52,736
Aquatics:				
Aquafits	2,200	2,285	(85)	2,512
Community swim	1,300	1,231	69	1,904
Competitive swim	38,500	38,950	(450)	37,102
Fitness swim	1,500	639	861	1,317
Rentals	200	100	100	210
Senior swim	1,900	1,430	470	1,948
Swim lessons	20,500	24,524	(4,024)	23,657
Coordinator	10,000	13,588	(3,588)	10,553
Miscellaneous	1,000	70	930	993
Total aquatics	77,100	82,817	(5,717)	80,196

Romeo, Washington, Bruce Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Expenditures (Continued)				
Program expenditures (Continued):				
Special events:				
Children's carnival	\$ 10,000	\$ 10,171	\$ (171)	\$ 8,333
Friday fun	1,200	16	1,184	1,205
Jumpin' Jupiter	4,500	4,221	279	5,930
Peach festival	11,500	10,558	942	11,213
Seasonal events	9,600	12,516	(2,916)	6,186
Summer concerts	7,000	7,467	(467)	6,764
Tickets	31,000	26,896	4,104	31,185
Trips	7,500	10,345	(2,845)	10,303
Special parties	700	157	543	2,009
Birthday parties	4,500	3,633	867	5,674
Community Center rentals	8,000	7,631	369	7,619
Washington Senior Center rentals	3,000	3,507	(507)	1,901
Supplies	1,200	647	553	735
Coordinator	9,000	4,058	4,942	5,472
Miscellaneous	13,500	20,076	(6,576)	22,990
Total special events	122,200	121,899	301	127,519
Dance:				
Costumes	16,500	19,341	(2,841)	16,731
Dance lessons	35,000	40,175	(5,175)	38,993
Recitals	11,000	13,394	(2,394)	10,935
Pictures	-	-	-	58
Miscellaneous	12,500	16,004	(3,504)	16,244
Total dance	75,000	88,914	(13,914)	82,961
Program operating:				
Program clerk	30,000	28,598	1,402	21,728
Brochures	13,000	7,859	5,141	15,217
MESC	2,000	2,739	(739)	2,328
Employer's FICA	19,000	21,327	(2,327)	19,600
Credit card fees	5,500	8,494	(2,994)	6,932
Mailings	500	17	483	-
Miscellaneous	1,500	528	972	2,148
Total program operating	71,500	69,562	1,938	67,953
Total program expenditures	618,300	683,049	(64,749)	630,775

Romeo, Washington, Bruce Parks and Recreation Commission

Schedule of Revenue and Expenditures Budget and Actual (Continued) Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Expenditures (Continued)				
Federal expenditures:				
Chore	\$ 20,000	\$ 21,567	\$ (1,567)	\$ 14,570
Older adults developer	15,000	16,337	(1,337)	15,791
Total federal expenditures	35,000	37,904	(2,904)	30,361
Other	-	-	-	1,426
Total expenditures	<u>\$ 1,783,907</u>	<u>\$ 1,893,790</u>	<u>\$ (109,883)</u>	<u>\$ 1,527,593</u>



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June 21, 2004

Board of Commissioners
Romeo, Washington, Bruce Parks
and Recreation Commission
361 Morton
Romeo, Michigan 48061

Dear Commission Members:

We have recently completed our audit of the financial statements of Romeo, Washington, Bruce Parks and Recreation Commission for the year ended March 31, 2004. As a result of our audit, and in addition to our financial report, we offer the following comments and recommendations.

Budgeting

The Parks and Recreation budget is adopted on an activity basis. As in previous years, the program expenditures exceeded the budget for the year ended March 31, 2004. Expenditures for each activity should not exceed the budget to remain in compliance with the Uniform Accounting and Budgeting Act. The Commission should consider reviewing the budget at least quarterly to make the necessary budget amendments. Alternatively, the Commission could adopt a budget on a total activity basis. Thus, the budget would only need to be amended if total expenditures were to be exceeded.

Additionally, total expenditures slightly exceeded total revenues for the year ended March 31, 2004. With the increase in costs each year, the Commission should closely monitor revenue sources and the costs that these revenues are intended to cover to determine if future revenue sources will be sufficient to cover the costs of operating the Parks and Recreation Commission.

Internal Controls Over Cash Collections

Cash is being collected at the following three locations for the various activities of the Commission: the front office counter and the senior center counter at the Romeo, Washington and Bruce Recreation building, and the senior center counter at the Washington Township municipal offices. During the course of the audit, we selected a cash receipt for testing that represented the sale of multiple tickets to an event. A record of the number of tickets sold and the types of tickets sold was not kept, therefore we were unable to test that the amount charged for attending the event was correct. Maintaining a listing of the number of tickets sold and the types of tickets sold for an event provides an additional level of control over cash receipts and would allow for a comparison of what should have been collected in cash for the event against actual collections.

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Credit Card Transactions

The Commission has a credit card issued in its name to be used for approved Parks and Recreation expenditures. Public Act 266 of 1995 authorizes the use of credit cards by the Commission for appropriate expenses and set specific criteria which must be followed. The Commission is required to adopt a written resolution governing the use of credit cards according to the state law. The Commission is in the process of adopting a resolution regarding the use of credit cards. Further guidance on adopting the resolution and the suggested wording can be found on the Department of Treasury's website at http://www.michigan.gov/treasury/0,1607,7-121-1751_2194-7699--,00.html.

Investment Policy

The Commission has been investing funds overnight in a sweep account for several years as a means to generate more investment income. Since funds are being invested, Public Act 196 of 1997 requires the Commission to adopt an investment policy and the investment manager of the Commission to provide an annual investment report to the Commission. The Commission is in the process of adopting a resolution regarding an investment policy. Further guidance on adopting an investment policy can be found on the Department of Treasury's website at http://www.michigan.gov/treasury/1,1607,7-121-1751_2194-7663-,00.html.

ACH Transactions Policy

Recently, Public Act 738 was passed, which allows local units of government to make and accept electronic funds transfers (ACH payments), if the local unit adopts a formal policy. While local units of government may have already been using the ACH system for payroll tax remittances and for the direct deposit of payroll, this new law requires a policy to be adopted.

Beginning immediately, the Commission should adopt a policy on ACH arrangements that includes all of the following:

- Designation of an individual as the party responsible for payment approval, accounting, reporting and compliance with the ACH policy;
- A statement that this individual is required to submit documentation as follows:
 - describe the goods or services purchased,
 - the cost,
 - date of payment and
 - the department benefiting from the purchase;
- A system of internal controls to monitor the use of ACH transactions; and
- The approval of ACH invoices before payment.

Refund Policy

Currently refunds are granted by the Commission, however there is no formal policy on refund procedures. A refund policy should be created that details how refunds are to be made (cash, check, credit card, etc.), the person designated to process a refund and the person designated to approve a refund. Refunds processed should be reconciled against refund vouchers. Additionally, the person responsible for the Parks and Recreation activity being refunded should be notified of the refund to prevent someone who has not paid from participating in the activity.

Bingo Commission

The activity of the Bingo Commission is not being recorded in the financial records of Parks and Recreation. Although a separate commission has been established to govern bingo activity, our discussions indicate that the money still belongs to the Parks and Recreation Commission. Therefore, the financial activity of the Bingo Commission should be monitored on a regular basis. The Parks and Recreation Commission should record the activity on the books as a separate fund since the bingo funds have a specified use and cannot be combined with other Parks and Recreation funds.

Retiree Health Care

If the Commission decides to begin providing retiree health care benefits, funds may be set aside for this purpose and invested under a broader range of investment options than other funds of the Commission. Public Act 149 of 1999 was passed by the Legislature to help local municipalities to fund retiree healthcare on a current basis. The Act allows the amounts set aside to be invested in accordance with the public pension investment act. Over a long period of time, this should significantly reduce the cost of funding retiree health care. There are some stipulations that come with the legislation, such as a prohibition against using the funds in the future for anything other than retiree health care, and a requirement to obtain an actuarial valuation at least every five years. We would be happy to discuss implementing Act 149 for funding its retiree health care with you.

GASB 34 Reminder

As you are already aware, the Government Accounting Standards Board has issued a major pronouncement that will drastically change the way municipal financial statements will look. For Parks and Recreation, this pronouncement is effective beginning April 1, 2004. In the coming months, Parks and Recreation will be finalizing its plan to derive some of the new data that will be required by the new rules and will need to finish gathering that data. We also recommend the creation of "cut-over" financial statements using the new reporting model, which include beginning balances as of April 1, 2004. Subsequent to our audit of the "cut-over" financial statements, we would be happy to meet informally with the Commission to discuss the impact of this pronouncement.

Board of Commissioners
Romeo, Washington, Bruce
Parks and Recreation Commission

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June 21, 2004

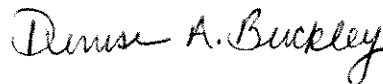
We would like to thank Clara Russell, Mary Jo Bommarito and Kelly Allison for the cooperation extended to us during the audit. We appreciate the continued opportunity to serve as your auditors for the Commission. We would be happy to answer any questions you have regarding the annual financial report or the above comments and recommendations at your convenience.

Yours truly,

PLANTE & MORAN, PLLC



Mark R. Hurst



Denise A. Buckley